EXHIBIT B

PCIC

Preferred Contractors Insurance Company, RRG

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC

http://www.PreferredContractorsInsuranceCo.com

PCIC

Preferred Contractors Insurance Company, RRG
27 North 27th Street, Suite 1900
Billings, Montana 59103

COMMERCIAL GENERAL LIABILITY POLICY
COMMON POLICY DECLARATIONS

Policy No. PC72679-MA-02 **New Policy**

Named Insured and Mailing Address			Producer	
Hong Kong Style Construction Inc			Northeast Coverages Inc	
133-31 41st Rd			152 Mineola Blvd	
Flushing	NY	11355	Mineola	NY

THIS IS A MANIFESTATION POLICY. PLEASE READ IT CAREFULLY.

Member: Hong Kong Style Construction Inc

Named Insured: Member

Risk Retention Group: Preferred Contractors Insurance Company, RRG

Policy Period: From 8/8/2010 to 8/8/2011 at 12:01 A.M. Standard Time at your mailing address shown above.

The **Inception Date** for the **Policy** is 12:01 a.m. on 8/8/2010

THIS POLICY IS ISSUED BY YOUR RISK RETENTION GROUP. YOUR RISK RETENTION GROUP MAY NOT BE SUBJECT TO ALL OF THE INSURANCE LAWS AND REGULATIONS OF YOUR STATE. STATE INSURANCE INSOLVENCY GUARANTY FUNDS ARE NOT AVAILABLE FOR YOUR RISK RETENTION GROUP.

PLEASE READ ALL PORTIONS OF THIS POLICY CAREFULLY. THERE ARE A NUMBER OF ENDORSEMENTS, EXCLUSIONS, CONDITIONS AND TERMS CONTAINED IN THIS POLICY THAT MAY DELETE, MODIFY OR EXPAND THE COVERAGE PROVISIONS STATED ELSEWHERE IN THE POLICY. ALL PORTIONS OF THIS POLICY ARE TO BE READ TOGETHER. BY ACCEPTING THIS POLICY, THE INSURED HAS AGREED TO READ THE POLICY IN ITS ENTIRETY WITHIN SEVEN (7) DAYS OF ITS ISSUANCE.

In return for the payment of premium, and subject to all the terms, conditions and exclusions of this **Policy**, we agree with you to provide the insurance as stated in this **Policy.**

PCIC
Preferred Contractors Insurance Company, RRG

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART FOR WHICH A MINIMUM AND DEPOSIT PREMIUM IS INDICATED. THIS POLICY IS SUBJECT TO AUDIT.

BUSINESS DESCRIPTION
Per Application Carpentry, Tile, Brick Layer, Masonry, Structure, Roofing

GENERAL LIABILITY COVERAGES	LIMITS OF INSURANCE
AGGREGATE	$ 2.000.000
OCCURRENCE	$ 1.000.000
PRODUCTS/COMPLETED OPERATIONS	$ 1.000.000
PERSONAL/ADVERTISING INJURY	$ 1.000.000
PROPERTY DAMAGE	$ 1.000.000
BODILY INJURY	$ 1.000.000
FIRE LEGAL	$ 50.000
MED PAY	$ 5,000
DEDUCTIBLE	$ 5.000

COVERAGE PART	MINIMUM & DEPOSIT PREMIUM	
PREMIUM	$ 4.154.00	
SUBSCRIPTION FEE	$ 1,383.28	
STATE TAX	$ 114.24	
INSPECTION FEE	$ 150.00	
SERVICE FEE	$ 500.00	
ADDITIONAL INSURED ENDORSEMENTS (on request only)	$ 250.00	
Total Premium	**$ 6565.64**	

POLICY FORMS
COMMON POLICY DECLARATIONS **MANUSCRIPT POLICY PROVISIONS** **ISO COMMERCIAL GENERAL LIABILITY COVERAGE** **FORM NO. CG 00 01 12 04** **(as deleted, limited, modified or expanded by the endorsements, conditions, and terms of the Policy listed below)** **ENDORSEMENTS listed below** **NOTE THE FOREGOING POLICY FORMS ARE SUBJECT TO ENDORSEMENTS, EXCLUSIONS, CONDITIONS AND TERMS THAT MAY DELETE, MODIFY OR EXPAND THE COVERAGE PROVISIONS STATED ELSEWHERE IN THE POLICY.**

PCIC

Preferred Contractors Insurance Company, RRG

POLICY SUMMARY	PAGE
COMMON POLICY DECLARATIONS	1
COVERAGES	2
ENDORSEMENT LIST	5
ENDORSEMENT NO. 02 -- DELETION OF CERTAIN COVERAGES IN ISO COMMERCIAL GENERAL LIABILITY FORM CG 00 01 12 04- (Manifestation)	7
MANUSCRIPT POLICY PROVISIONS	
I. Definition	9
II. Term	10
III. Coverage Afforded	10
ISO FORM COMMERCIAL GENERAL LIABILITY CG 00 01 1204	12
SECTION 1 – COVERAGES	12
Coverage A Bodily Injury And Property Damage Liability	12
Coverage B Personal And Advertising Injury Liability	17
Coverage C Medical Payments	19
Supplementary Payments - Coverages A and B	20
SECTION II – WHO IS AN INSURED	21
SECTION III – LIMITS OF INSURANCE	22
SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS	22
SECTION V – DEFINITIONS	25
SECTION VI – COMON POLICY CONDITIONS IL 00 17 11 98	29
SECTION VII – COLORADO CHANGES – CANCELLATION AND NONRENEWAL IL 02 28 04 06	31
SECTION VIII – MONTANA CHANGES IL 02 43 01 06	32
SECTION IX – ARIZONA CHANGES-CANCELLATION AND NONRENEWAL IL 02 58 07 02	34
SECTION X – NEVADA CHANGES-CANCELLATION AND NONRENEWAL IL 02 51 02 04	37
SECTION XI – CALIFORNIA CHANGES-CANCELLATION AND NONRENEWAL IL 02 70 11 04	38
ADDITIONAL MANUSCRIPT POLICY PROVISIONS	41
IV. LIMITATIONS/AGGREGATE LIMIT	41
V. ADDITIONAL CONDITIONS	41
VI. ADDITIONAL EXCLUSIONS	44
VII. CANCELLATION/TERMINATION	51
VIII. TRANSFER/ASSIGNMENT	51
IX. PREMIUM	51
X. MODIFICATION/AMENDMENT/WAIVER	51
XI. OTHER INSURANCE	51
XII. GOVERNING LAW/POLICY LITIGATION	52

Preferred Contractors Insurance Company, RRG

XIII. INTEGRATION 52

STANDARD ENDORSEMENTS

ENDORSEMENT NO. 01 -- DELETION OF CERTAIN COVERAGES IN ISO COMMERCIAL GENERAL LIABILITY FORM CG 00 01 12 04 53

ENDORSEMENT NO. 03 -- ADDITIONAL EXCLUSION OF CERTAIN COVERAGES AND/OR DAMAGES 55

ENDORSEMENT NO. 04 -- PRIOR COMPLETED OR ABANDONED WORK EXCLUSION 59

ENDORSEMENT NO. 05 -- TERRORISM EXCLUSIONS 61

ENDORSEMENT NO. 06 -- WRAP UP EXCLUSION 67

ENDORSEMENT NO. 07 -- POOL POP UP LIMITS 68

ENDORSEMENT NO. 08 -- POOL OVERFLOW LIMITS 69

ENDORSEMENT NO. 09 -- PER CLAIM DEDUCTIBLE 70

ENDORSEMENT NO. 18 -- SUBCONTRACTOR CONDITION 72

ENDORSEMENT NO. 22 -- TOTAL POLLUTION EXCLUSION ENDORSEMENT 74

ENDORSEMENT NO. 23 -- ACTION OVER 75

ENDORSEMENT NO. 24 -- KNOWN LOSSES EXCLUSION 77

ENDORSEMENT NO. 26 -- WHEN WE DO NOT RENEW 78

ENDORSEMENT NO. 27 -- AFB PREMIUM SHORT RATE CANCELLATION TABLE 79

ENDORSEMENT NO. 33 -- NUCLEAR ENERGY LIABILITY EXCLUSION 81

ENDORSEMENT NO. 35 -- PROJECT SHARED AGGREGATE 83

ENDORSEMENT NO. 41 -- FIRE LOSS – OIL BASED PAINTS 84

ENDORSEMENT NO. 48 – GRANITE RADON EMISSIONS EXCLUSION 85

ENDORSEMENT NO. 50—DESIGNATED ONGOING OPERATIONS 86

ENDORSEMENT NO. 51—UNLICENSED CONTRACTORS 87

ENDORSEMENT NO. 61—CHINESE-MANUFACTURED DRYWALL 88

ENDORSEMENT NO. 62—ARBITRATION AGREEMENT 89

THERE MAY BE ADDITIONAL ENDORSEMENTS TO YOUR POLICY; PLEASE REVIEW THE ENDORSEMENT LIST ON THE POLICY DECLARATIONS. IF THERE ARE ADDITIONAL ENDORSEMENTS, THEY REMAIN IN EFFECT AND ARE APPLICABLE

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENTS

THIS POLICY IS SUBJECT TO THE FOLLOWING ENDORSEMENTS THAT MAY DELETE, LIMIT, MODIFY OR EXPAND THE COVERAGE PROVISIONS STATED ELSEWHERE IN THE POLICY.

LIST OF MANUSCRIPT ENDORSEMENTS.

DELETION OF CERTAIN COVERAGES IN ISO COMMERCIAL GENERAL LIABILITY FORM CG 00 01 12 04, ENDORSEMENT NO. 01

DELETION OF CERTAIN COVERAGES IN ISO COMMERCIAL GENERAL LIABILITY FORM CG 00 01 12 04-(Manifestation), ENDORSEMENT NO. 02

ADDITIONAL EXCLUSION OF CERTAIN COVERAGES AND/OR DAMAGES, ENDORSEMENT NO. 03

PRIOR COMPLETED OR ABANDONED WORK EXCLUSION, ENDORSEMENT NO. 04

TERRORISM EXCLUSIONS, ENDORSEMENT NO. 05

WRAP UP EXCLUSION, ENDORSEMENT NO. 06

POOL POP UP LIMITS, ENDORSEMENT NO. 07

POOL OVERFLOW LIMITS, ENDORSEMENT NO. 08

PER CLAIM DEDUCTIBLE, ENDORSEMENT NO. 09

ADDITIONAL INSUREDS, ENDORSEMENT NO. 10

SUBCONTRACTOR CONDITION, ENDORSEMENT NO. 18

TOTAL POLLUTION EXCLUSION ENDORSEMENT, ENDORSEMENT NO. 22

ACTION OVER, ENDORSEMENT NO. 23

KNOWN LOSSES EXCLUSION, ENDORSEMENT NO. 24

WHEN WE DO NOT RENEW, ENDORSEMENT NO. 26

AFB PREMIUM SHORT RATE CANCELLATION TABLE, ENDORSEMENT NO. 27

NUCLEAR ENERGY LIABILITY EXCLUSION, ENDORSEMENT NO. 33

Preferred Contractors Insurance Company, RRG

PROJECT SHARED AGGREGATE, ENDORSEMENT NO. 35

FIRE LOSS – OIL BASED PAINTS, ENDORSEMENT NO. 41

GRANITE COUNTERTOP RADON EMISSIONS EXCL., ENDORSEMENT NO. 48

DESIGNATED ONGOING OPERATIONS, ENDORSEMENT NO. 50

UNLICENSED CONTRACTORS, ENDORSEMENT NO. 51

CHINESE MANUFACTURED DRYWALL, ENDORSEMENT NO. 61

ARBITRATION AGREEMENT, ENDORSEMENT NO. 62

REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

DELETION OF CERTAIN COVERAGES
IN ISO COMMERCIAL GENERAL LIABILITY FORM
CG 00 01 12 04-(Manifestation)

The following coverages are hereby deleted and/or modified from the ISO Commercial General Liability Form No. 00 01 12 04 and from this **Policy**:

Section I-Coverage A Bodily Injury and Property Damage Liability (1)(b)(2) which states: "The 'bodily injury' or 'property damage' occurs during the policy period; and" is hereby deleted and replaced by "The 'bodily injury' or 'property damage' first takes place in fact or manifests, during the policy period and is caused by an accident that takes place during the policy period. This coverage does not apply to any 'bodily injury' or 'property damage' that first takes place in fact or manifests prior to the Inception Date, even if it is presumed in law or fact to be continuous in nature, progressively deteriorating, to result from continuous or repeated exposure to substantially the same general harmful conditions, and even if such 'bodily injury' or 'property damage' continues into the policy period, or is presumed by law to continue into the policy period; and"

Policy No.: PC72679-MA-02
Date: 8/8/2010
Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:
Phillip Salvagio
Authorized Representative

FORM 20 01 06 06

Preferred Contractors Insurance Company, RRG

Coverage under this **Policy** is subject to the Definitions, Term, Coverage Afforded, Limitations/Aggregate Limit, Additional Conditions, Additional Exclusions, cancellation/Termination, Transfer/Assignment, Premium and Modification/Amendment/Waiver, Other Insurance, Governing Law/Policy Litigation, Integration, and Endorsements section of the Preferred Contractors Insurance Company Risk retention General Liability Policy and those provisions are expressly incorporated herein by reference.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

Preferred Contractors Insurance Company, RRG

NOTICE

THIS POLICY IS ISSUED BY YOUR RISK RETENTION GROUP. YOUR RISK RETENTION GROUP MAY NOT BE SUBJECT TO ALL OF THE INSURANCE LAWS AND REGULATIONS OF YOUR STATE. STATE INSURANCE INSOLVENCY GUARANTY FUNDS ARE NOT AVAILABLE FOR YOUR RISK RETENTION GROUP.

MANUSCRIPT POLICY PROVISIONS

I. DEFINITIONS

As used herein, the following Definitions should be read into the Policy and have special meaning:

(A) **"Contract"** means the subscription agreement dated 8/8/2010, between the **Member** and the **Risk Retention Group**, including any changes, amendments, and/or modifications which have been approved in writing by the **Risk Retention Group.**

(B) **"Covered Loss"** means any loss or claim for which coverage is provided under this **Policy.**

(C) **"Inception Date"** means the date stated in the **Declarations** on which coverage under the **Policy** begins.

(D) **"Member"** means the Member identified on the Declarations of the **Policy.**

(E) **"Named Insured"** means the Member identified on the Declarations of the **Policy.**

(F) **"Risk Retention Group"** means the Risk retention Group identified on the Declarations of the **Policy.**

(G) **"Term"** means the term referenced in Section II of this **Policy.**

II. TERM

Coverage under this **Policy** shall commence at 12:01 a.m., Standard Time at your address, the Inception **Date**, as defined the Declarations. Except as otherwise set forth in this **Policy** or the **Contract**, the **Policy** shall expire at 12:01 a.m., Standard Time at your address, on the date of expiration, which shall be one calendar year from the **Inception Date.**

III. COVERAGE AFFORDED

In accordance with the terms of this **Policy** and subject to the terms of the **Contract**, including the limits of insurance stated on the Declaration Page and all endorsements, exclusions, terms and conditions which are a part of this **Policy**, the **Policy** will provide the coverages for any claim properly made for a **Covered Loss** as set forth in the ISO Commercial General Liability Coverage Form No. 00 01 12 04. To the extent that any provision of the ISO Commercial General Liability Coverage Form No. 00 01 12 04 conflict or vary from the manuscript provisions or manuscripted endorsements contained in this **Policy**, the manuscripted provisions of this **Policy** and/or endorsements control, govern and supersede the conflicting or varying provision of the ISO Commercial General Liability Coverage Form.

Notwithstanding any other provisions contained in this **Policy**, the coverages set forth are limited to:

(A) A claim made for a **Covered Loss** not covered by other insurance;

(B) A claim asserted by a third party (i.e. a party who is neither an insured, nor related by ownership or management to the **Member**) where such claim directly substantially relates to an insured's project.

(C) A claim for a **Covered Loss** which is timely and properly reported in accordance with the terms of this **Policy**.

Subject to these provisions as well as the other provisions of this **Policy**, including exclusions, endorsements, conditions, and terms, which may limit coverage, the **Policy** includes the coverages set forth in the following ISO Commercial General Liability Coverage

Form No. 00 01 12 04.

Preferred Contractors Insurance Company, RRG

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you' and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured' means any person or organization qualifying as such under Section II - Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments Coverages **A** and **B**.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II - Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or 'property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II - Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants'; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or

(b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance. Paragraph **(2)** of this exclusion does not apply if the premises are "your work' and were never occupied, rented or held for rental by you. Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement. Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work'; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data. As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) **The** amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and

(2) Our right and duty to defend end **when** we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period
"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts
Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability
"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract
"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods - Failure To Conform To Statements
"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices
"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret
Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.
However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses
"Personal and advertising injury" committed by an insured whose business is:
(1) Advertising, broadcasting, publishing or telecasting;
(2) Designing or determining content of web-sites for others; or
(3) An Internet search, access, content or service provider.
However, this exclusion does not apply to Paragraphs **14.a., b.** and **c.** of "personal and advertising injury" under the Definitions Section.
For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards
"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product
"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution
"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related
Any loss, cost or expense arising out of any:
(1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
(2) Claim or suit by or on behalf of a govern mental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War
"Personal and advertising injury", however caused, arising, directly or indirectly, out of:
(1) War, including undeclared or civil war;
(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement
a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
(1) On premises you own or rent;
(2) On ways next to premises you own or rent; or
(3) Because of your operations; provided that:
(i) The accident takes place in the "coverage territory" and during the policy period;
(ii) The expenses are incurred and reported to us within one year of the date of the accident; and
(iii) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
(1) First aid administered at the time of an accident;
(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions
We will not pay expenses for "bodily injury":

a. Any Insured
To any insured, except "volunteer workers".

b. Hired Person
To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises
To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws
To a person, whether or not an "employee' of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities
To a person injured while practicing, instructing or participating in any

physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard
Included within the "products-completed operations hazard".

g. Coverage A Exclusions
Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
  - **a.** All expenses we incur.
  - **b.** Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
  - **c.** The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - **d.** All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.
  - **e.** All costs taxed against the insured in the "suit".
  - **f.** Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
  - **g.** All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

  These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - **a.** The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - **b.** This insurance applies to such liability assumed by the insured;
  - **c.** The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - **d.** The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - **e.** The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - **f.** The indemnitee:
    - **(1)** Agrees in writing to:
      (a) Cooperate with us in the investigation, settlement or defense of the "suit";
      (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      (c) Notify any other insurer whose coverage is available to the indemnitee; and
      (d) Cooperate with us with respect to coordinating other applicable insurance to the indemnitee; and
    - **(2)** Provides us with written authorization to:
      (a) Obtain records and other information related to the "suit"; and
      (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' tees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- **a.** We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- **b.** The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II-WHO IS AN INSURED

1. If you are designated in the Declarations as:

- **a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- **b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- **c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- **d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- **e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- **a.** Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees"', other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
  - **(1)** "Bodily injury" or "personal and advertising injury":
    - **(a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
    - **(b)** To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) (a) above;
    - **(c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
    - **(d)** Arising out of his or her providing or failing to provide professional health care services.
  - **(2)** "Property damage" to property:
    - **(a)** Owned, occupied or used by,
    - **(b)** Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

    you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- **b.** Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your al estate manager.
- **c.** Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property; and
(2) Until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
   b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
   c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
   a. Insureds;
   b. Claims made or "suits" brought; or
   c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:
   a. Medical expenses under Coverage **C**;
   b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
   c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products completed operations hazard".

4. Subject to **2**. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to **2**. or **3**. above, whichever applies, the Each Occurrence Unit is the most we will pay for the sum of:
   a. Damages under Coverage **A**; and
   b. Medical expenses under Coverage **C**

   because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to **5**. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to **5**. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

   The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
   a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
      (1) How, when and where the "occurrence" or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
   b. If a claim is made or "suit" is brought against any insured, you must:
      (1) Immediately record the specifics of the claim or "suit" and the date received; and
      (2) Notify us as soon as practicable.

      You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
   c. You and any other involved insured must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
      (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
   d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. **Legal Action Against Us**

   No person or organization has a right under this Coverage Part:
   a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
   b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

   A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. **Other Insurance**

   If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:
   a. **Primary Insurance.**

      This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.
   b. **Excess Insurance**

      This insurance is excess over:
      (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
         (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
         (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
         (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
         (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section Coverage A - Bodily Injury

And Property Damage Liability.

(2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. **When We Do Not Renew**
If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the non-renewal not less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
   a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
   b. Regarding web-sites, only that part of a website that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
   a. A land motor vehicle, trailer or semi trailer designed for travel on public roads, including any attached machinery or equipment; or
   b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.
   However, "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
   c. All other parts of the world if the injury or damage arises out of:
      (1) Goods or products made or sold by you in the territory described in **a.** above;
      (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by:

   a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
   b. Your fulfilling the terms of the contract or agreement
9. "Insured contract" means:
   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnities any person or organization for damage by fire to premises while rented to you or

temporarily occupied by you with permission of the owner is not an "insured contract";

b. A sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

e. An elevator maintenance agreement;

f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

(1) That indemnities a railroad for "bodily injury" or 'property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

(2) That indemnities an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto';

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in **a., b., c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in **a., b., c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:
  (a) Snow removal;
  (b) Road maintenance, but not construction or resurfacing; or
  (c) Street cleaning;
(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
  a. False arrest, detention or imprisonment;
  b. Malicious prosecution;
  c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  f. The use of another's advertising idea in your "advertisement"; or
  g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":
  a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
    (1) Products that are still in your physical possession; or
    (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
      (a) When all of the work called for in your contract has been completed.
      (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
      (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

    Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
  b. Does not include "bodily injury" or "property damage" arising out of:
    (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
    (2) The existence of tools, uninstalled equipment or abandoned or used materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

Preferred Contractors Insurance Company, RRG

SECTION VI. COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

1. CANCELLATION

- **a.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- **b.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - i. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - ii. 30 days before the effective date of cancellation if we cancel for any other reason.
- **c.** We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- **d.** Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- **e.** If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even If we have not made or offered a refund.
- **f.** If notice is mailed, proof of mailing will be sufficient proof of notice.

2. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

3. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

4. Inspections And Surveys

- **a.** We have the right to:
  - i. Make inspections and surveys at any time;
  - ii. Give you reports on the conditions we find; and
  - iii. Recommend changes.
- **b.** We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - i. Are safe or healthful; or
  - ii. Comply with laws, regulations, codes or standards.
- **c.** Paragraphs 1, and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
- **d.** Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

5. Premiums

The first Named Insured shown in the Declarations:

a. Is responsible for the payment of all premiums; and

b. Will be the payee for any return premiums we pay.

6. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

Preferred Contractors Insurance Company, RRG

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION VII. COLORADO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERICAIL GENERAL LIABITITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABIILITY COVERAGE PART FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY POLICY
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

1. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:
   a. If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
      (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
      (2) 30 days before the effective date of cancellation if we cancel fro any other reason
2. The following is added to the **Cancellation** Common Policy condition:
   a. Cancellation Of Policies In Effect For 60 Days or More
      (1) Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
      (2) At least 45 days before the effective date of cancellation if we cancel for any other reason
   We may only cancel this policy based on one or more of the following reasons:
      (1) Nonpayment of premium:
      (2) A false statement knowingly made by the insured on the application for insurance; or
      (3) A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.
3. The following is added and supersedes any other provision to the contrary:
   NONRENEWAL
   If we decide not to renew this policy, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.
   If notice is mailed, proof of mailing will be sufficient proof of notice
4. The following condition is added:
   INCREASE IN PREMIUM OR DECREASE IN COVERAGE
   We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.
   Any decrease in coverage during the policy term must be based on one or more of the following reason:
   a. Nonpayment of premium;
   b. A false statement knowingly made by the insured on the application for insurance; or
   c. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Name Insured has notified us of the changed and we accept such change.
   If notice is mailed, proof of mailing will be sufficient proof of notice.

Preferred Contractors Insurance Company, RRG

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION VIII. MONTANA CHANGES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY)
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

1. With respect to other than the Farm Property — Farm Dwellings, Appurtenant Structures and household Personal Property Coverage Form, Paragraph 2 of the Cancellation Common Policy Condition is replaced by the following:

   a. **Cancellation Of Policies**

      (1) Midterm Cancellation

      We may cancel this policy based on the provisions below, by mailing or delivering written notice to the first Named Insured at least 10 days before the effective date of cancellation:

      i. If this policy has been in effect for less than 60 days, except as provided in Paragraph **a.(1)iii.** below, we may cancel for any reason.

      ii. If this policy has been in effect for 60 days or more, we may cancel this policy prior to the expiration of the agreed term or prior to one year from the effective date of the policy or renewal, whichever is less, only for one or more of the following reasons:

         (a) Failure to pay a premium when due;
         (b) Material misrepresentation;
         (c) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
         (d) Substantial breaches of contractual duties, conditions or warranties;
         (e) Determination by the Commissioner of Insurance that continuation of the policy would place us in violation of the Montana Insurance Code;
         (f) Financial impairment of us: or
         (g) Such other reasons that are approved by the Commissioner of Insurance

      iii. If this policy has been issued for a term longer than one year, and if either the premium is prepaid or an agreed term is guaranteed for additional premium consideration, we may cancel this policy only for one or more of the reasons stated in Paragraph **a.(1)ii.** above.

   b. **Anniversary Cancellation**

      We may cancel any policy with a term of more than one year by mailing or delivering to the first Named Insured written notice of cancellation at least 45 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date

2. With respect to the Farm Property — Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form, Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

   a. **Cancellation Of Policies**

      (1) Midterm Cancellation

      (I) We may cancel this policy for nonpayment of premium by mailing or delivering written notice of cancellation to the first Named Insured al least 20 days before the effective date of cancellation.

(II) We may cancel this policy based on the reason(s) staled in Paragraph **2.a.(2)(a)** or (2)(b) by mailing or delivering written notice of cancellation to the first Named Insured at least 45 days before the effective date of cancellation:

(a) If this policy has been in effect for less than 80 days, except as provided in Paragraph 2.a.(3), we may cancel for any reason.

(b) If this policy has been in effect for 60 days or more, we may cancel this policy prior to the expiration of the agreed term or prior to one year from the effective date of the policy or renewal, whichever is less, only for one or more of the following reasons:
(i) Material misrepresentation;
(ii) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
(iii) Substantial breaches of contractual duties, conditions or warranties;
(iv) Determination by the Commissioner of Insurance that continuation of the policy would place us in violation of the Montana Insurance Code;
(v) Financial impairment of us; or
(vi) Such other reasons that are approved by the Commissioner of Insurance.

(III) If this policy has been issued for a term longer than one year, and if either the premium is prepaid or an agreed term is guaranteed for additional premium consideration, We may cancel this policy only for one or more of the reasons stated in Paragraph 2.a.(2)(b) by mailing or delivering written notice to the first Named Insured at least 45 days before the effective date of cancellation.

(2) Anniversary Cancellation
We may cancel any policy with a term of more than one year by mailing or delivering to the first Named Insured written notice of cancellation at least 45 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

(3) Paragraph 5 of the Cancellation Common Policy Condition is replaced by the following:

(I) If this policy is cancelled, we will send the first Named Insured any premium refund due, If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund. However, when a financed insurance policy is cancelled, we will send any refund due to the premium finance company on a pro rata basis.

(4) Any When We Do Not Renew Condition is deleted.
The following **When We Do Not Renew** Condition is added:

(I) If we elect not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations and agent, if any, a notice of intention not to renew at least 45 days before the agreed expiration date.

(II) We need not mall or deliver this notice if:
a. You have purchased insurance elsewhere;
b. You have accepted replacement coverage;
c. You have requested or agreed to nonrenewal; or
d. This policy is expressly designated as nonrenewable.

Preferred Contractors Insurance Company, RRG

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
SECTION IX. ARIZONA CHANGES CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMBNT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY
PROFESSIONAL LIABILITY COVERAGE PART

1. The following is added to the **Cancellation** Common Policy Condition (and applies except in situations where B., below, applies):

a. **Cancellation Of Policies In Effect For 60 Days Or More**
If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
(1) Nonpayment of premium;
(2) Your conviction of a crime arising out of acts increasing the hazard insured against:
(3) Acts Or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this policy, in continuing this policy or in presenting a claim under this policy;
(4) Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change Or contemplated mc risk in writing the contract;
(5) Substantial breach of contractual duties or conditions;
(6) Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;
(7) Determination by the Director of Insurance that the continuation of the policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or
(8) Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this policy based on one or more of the above reasons, we will mail by certified mail to the first Named Insured, and mail to the agent, if any. written notice of cancellation stating the reasons for cancellation. We will mail this notice to the last mailing addresses known to us, at least:
(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium,
(2) 60 days before the effective date of cancellation if we cancel for any of the other reasons.

2. If the Commercial Property Coverage Part, Capital Assets Program (Output Policy) Coverage Part or the Farm Property — Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:
a. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
b. Personal property (except business or farm personal property) of a person residing in such real property;

The following provisions apply (instead of those provided in Item **1.** above) with respect to cancellation of such coverage.

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

a. Nonpayment of premium;
b. Your Conviction of a crime arising out of acts increasing the hazard insured against;
c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in obtaining the policy, continuing the policy, or presenting a claim under the policy:
d. Discovery of grossly negligent acts or omissions by you substantially increasing any of the hazards insured against;
e. Substantial change in the risk assumed by us, since the policy was issued, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
f. A determination by the Director of Insurance that the continuation of the policy would place us in violation of the insurance laws of this state; or
g. Your failure to take reasonable steps to eliminate or reduce any conditions in or on the insured premises which contributed to a loss in the past or will increase the probability of future losses.

If we cancel this policy based on one or more of these reasons, we will mail written notice of cancellation, stating the reason(s) for cancellation, to the first Named insured We will mail this notice to the last mailing address known to us, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
(2) 30 days before the effective date of cancellation, if we cancel for any of the other reasons.

3. The following is added and supersedes any provision to the contrary (and applies except in situations where 0, below, applies):

NONRENEWAL

a. If we elect not to renew this policy, we will mail by certified mail to the first Named Insured, and mail to the agent, if any, written notice of non- renewal. We will mail this notice to the last mailing addresses known to us at least 60 days prior to the expiration of this policy.
b. If notice is mailed, proof of mailing will be sufficient proof of notice.
c. If either one of the following occurs, we are not required to provide written notice of nonrenewal;
   (1) We or a company within the same insurance group has offered to issue a renewal policy; or
   (2) You have obtained replacement coverage or agreed in writing to do so.

4. If the Commercial Property Coverage ***Part,*** Capital Assets Program (Output Policy) Coverage Part or the Farm Property — Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:

a. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
b. Personal property (except business or farm personal property) of a person residing in such real property:

The following provisions apply (instead of those provided in Item **3.** above) with respect to nonrenewal of such coverage:

a. If we elect not to renew, we will mail written notice of nonrenewal, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least 30 days before the end of the policy period. Proof Of mailing will be sufficient proof of notice.
b. If either one of the following occurs, we are not required to provide notice of nonrenewal:
   (1) You have agreed to nonrenewal; or
   (2) You have accepted replacement coverage.

Preferred Contractors Insurance Company, RRG

c. If our nonrenewal is based on the condition of the premises, you will be given 30 days' notice to remedy the identified conditions. If the identified conditions are remedied, coverage will be renewed. If the identified conditions are not remedied to our satisfaction, you will be given an additional 30 days, upon payment of premium, to correct the defective condition.

5. The following Condition is added:

RENEWAL

a. If we elect to renew this policy and the renewal is subject to any of the following:

(1) Increase in premium:
(2) Change in deductible;
(3) Reduction in limits of insurance; or
(4) Substantial reduction in coverage;

we will mail or deliver written notice of the change(s) to the first Named insured, at the last mailing address known to us, at least 60 days before the anniversary Or expiration date of the policy.

b. If renewal is subject to any condition described in **a.(1)** through **a.(4)** above, and we fail to provide notice 60 days before the anniversary or expiration date of this policy, the following procedures apply:

(1) The present policy will remain in effect until the earlier of the following:
i. 60 days after the date of mailing or delivery of the notice; or
ii. The effective date of replacement coverage obtained by the first Named Insured.

(2) If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:
i. The rates applicable to the terminated policy; or
ii. The rates presently in effect.

(3) If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this policy's anniversary or expiration date.

Preferred Contractors Insurance Company, RRG

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTION X. NEVADA CHANGES CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE *PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

1. The following are added to the **Cancellation** Common Policy Condition:

a. Midterm Cancellation

If this policy has been in effect for 70 days or more, or if this policy is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

1 Nonpayment of premium:
2 Conviction of the insured of a crime arising Out of acts increasing the hazard insured against;
3 Discovery of fraud or material misrepresentation in obtaining the policy or in presenting a claim there under:
4 Discovery of an act or omission or a violation of any condition of the policy which occurred after the first effective date of the current policy, and substantially and materially increases the hazard insured against:
5 A material change in the nature or extent of the risk, occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
6 A determination by the commissioner that continuation of our present volume of premiums would jeopardize our solvency or be hazardous to the interests of our policyholders, creditors or the public;
7 A determination by the commissioner that the continuation of the policy would violate, or place us in violation of, any provision of the code.

b. Anniversary Cancellation

If this policy is written for a term longer than one year, we may cancel for any reason at an anniversary, by mailing or delivering written notice of cancellation to the first Named Insured at the last mailing address known to us at least 60 days before the anniversary date.

2. The following is added as an additional Condition and supersedes any other provision to the contrary

NONRENEWAL

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations a notice of intention not to renew at least 60 days before the agreed expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

b. We need not provide this notice if:

(1) You have accepted replacement coverage;
(2) You have requested or agreed to nonrenewal; or
(3) This policy is expressly designated as nonrenewable.

3. Notices

a. Notice of cancellation or nonrenewal in accordance with (1) and (2) above, will be mailed, first class or certified, or delivered to the first Named Insured at the last mailing address known to us and will state the reason for cancellation or nonrenewal

b. We will also provide a copy of the notice of cancellation, for both policies in effect less than 70 days and policies in effect 70 days or more, to the agent who wrote the policy.

Preferred Contractors Insurance Company, RRG

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
SECTION XI. CALIFORNIA CHANGES CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY
PROFESSIONAL LIABILITY COVERAGE PART

1. Paragraphs 2. and 3. of the **Cancellation** Common Policy Condition are replaced by the following:

a. All Policies In Effect For 60 Days Or Less
If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:
(1) 10 days before the effective date of cancellation if we cancel for:
i. Nonpayment of premium; or
ii. Discovery of fraud by:
(a) Any insured or his or her representative in obtaining this insurance; or
(b) You or your representative in pursuing a claim under this policy.
(2) 30 days before the effective date of cancellation if we cancel for any other reason

b. All Policies In Effect For More Than 60 Days
(1) If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
i. Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
ii. Discovery of fraud or material misrepresentation by:
(a) Any Insured or his or her representative in obtaining this insurance; or
(b) You or your representative in pursuing a claim under this policy.
iii. A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
iv. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
v. Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against,
vi. A determination by the Commissioner of Insurance that the:
(a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
(b) Continuation of the policy coverage would:
(i) Place us in violation of California law or the laws of the state where we are domiciled; or
(ii) Threaten our solvency.

vii. A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added. Increased or changed risk is included in the policy.

(2) We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

i. 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or

ii. 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph b.1.

2. The following provision is added to the **Cancellation** Common Policy Condition:

a. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal properly in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part — Farm Property — Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

i. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in ii. and iii. below.

ii. We may not cancel this policy solely because the first Named Insured has:

(a) Accepted an offer of earthquake coverage; or

(b) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

iii. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction (iii.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(a) Capital Assets Program Coverage Form (Output Policy);

(b) Commercial Property Coverage Part — Causes Of Loss — Special Form; or

(c) Farm Coverage Part — Causes Of Loss Form — Farm Property, Paragraph D. Covered Causes Of Loss — Special

3. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

a. Subject to the provisions of Paragraphs 3b and 3c below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer *of record,* at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

b. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Capital Assets Program (Output Policy) Coverage Part

i. We may elect not to renew such coverage for any reason, except as provided in b., C. and d. below:

ii. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.
However, the following applies only to insurers who are associate participating insurers as established by Cal, Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:
(a) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
(b) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims: or

c. We have:
(a). Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and
the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

iii. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

iv. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction (iv.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
(a) Capital Assets Program Coverage Form (Output Policy);
(b) Commercial Property Coverage Part — Causes Of Loss — Special Form; or
(c) Farm Coverage Part — Causes Of Loss Form — Farm Property, Paragraph D. Covered Causes Of Loss — Special.

d. We are not required to send notice of nonrenewal in the following situations:

i. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
ii. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **3a.**
iii. If you have obtained replacement Coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
iv. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
v. If the first Named insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
vi. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph 3.a., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

Preferred Contractors Insurance Company, RRG

IV. LIMITATIONS/AGGREGATE LIMIT

Coverage under this **Policy** is subject to the following limitations:

(A) **Limitations**

1. The coverage under this **Policy** is limited to the **Covered Loss**. There is no coverage under this **Policy** for the general performance of the **Contract** by the other members of the **Risk Retention Group.**

(B) **Aggregate Limit**

(1) The coverage under this **Policy** is subject to an **Aggregate limit** that is shown in the Declarations. In other words, if the **Risk Retention Group** pays a claim(s) for which coverage is provided to a **Named Insured and/or Insured** in an amount equal to the **Aggregate Limit**, whether for a single claim for **Covered Loss** or for multiple claims for multiple **Covered Losses**, the **Risk Retention Group** shall not have any further liability under the **Policy**, regardless of the fact that additional claims have been made or other **Covered Losses** may exist.

(2) If the **Aggregate Limit** is reached during the **Term**, based upon claims made in the order received and payment(s) made there under, the **Policy** limits are exhausted and the **Policy** is automatically terminated.

(3) Any amount otherwise payable under this **Policy** including the per **Occurrence Limit** or **Aggregate Limit** shall be further reduced by any amounts paid or incurred by the **Risk Retention Group** in defense of any claim against any **Named Insured and/or Insured**, including amounts paid and incurred for attorney's fees, court costs and litigation expenses.

V. ADDITIONAL CONDITIONS

This **Policy** is subject to the following additional conditions:

(A) The **Risk Retention Group** has issued this **Policy** in reliance upon the accuracy and completeness of the statements made in the application for coverage. By accepting this **Policy**, the **Named Insured and/or Insured** warrants that the statements on the application for insurance and any documents submitted to the **Risk Retention Group** are true and correct. This **Policy** is void if the **Named Insured** has intentionally misrepresented any material fact to the **Risk Retention Group.**

(B) Any **Named Insured and/or Insured** making a claim must give the **Risk Retention Group** notice in writing of any claim within sixty (60) days or as soon as practicable after it is known to any **Named Insured and/or Insured** during the Term, the **Named Insured and/or Insured** must report the claim to the **Risk Retention Group** as required by this provision no later than thirty (30) days after the expiration of the **Term**. For a claim for a **Covered Loss** that first manifests during the **Term**, but is not known or reasonably known to the **Named Insured** during the **Term**, the **Named Insured** must report the claim to the **Risk Retention Group** as required by this provision no later than thirty (30) days after the earliest of when the **Named Insured** has knowledge of the claim or should have reasonably known of the claim. In no event may a claim be reported more than thirty (30) days after service of any suit, complaint, or court proceeding. Such written notice described in this Subsection must be submitted by certified mail, return-receipt requested, to the following:

(1) SIS Insurance Services, 3250 Grey Hawk Court, Unit Z, California 92010, (760)599-7242, Attention Phil Salvagio; and

(2) W.A. Taft & Company (MT) Ltd., 27 North 27th Street, Suite 1900, Billings, Montana 59101, (877) 587-1763, Attention Richard C. Goff.

(C) In determining whether or not to pay any claim, the **Risk Retention Group** is entitled to any and all defenses available to the **Named Insured**, **Insured,** or the **Risk Retention Group**, under any other provisions of the **Contract**, under the provisions of this **Policy**, or otherwise available under law.

(D) The **Named Insured** and/or **Insured** shall provide the **Risk Retention Group** with all information, assistance, and cooperation as the **Risk Retention Group** may request. The **Named Insured and/or Insured** has an obligation to assist and cooperate with the **Risk Retention Group** in resolving any claim for **Covered Loss.** The **Named Insured and/or Insured** must do, or allow to be done, everything reasonably required to resolve any claim for **Covered Loss**, including providing, if requested, examination(s) under oath on any matter related to the claim, the **Covered Loss**, or the **Contract**.

(E) The **Named Insured and/or Insured** shall do nothing which may prejudice the **Risk Retention Group**'s position or the **Risk Retention Group**'s potential or actual rights of recovery in the event of a claim, including any right the **Risk Retention Group.**

(F) In the event of payment under this **Policy**, the **Risk Retention Group** has all subrogation rights and is entitled to an assignment of, all rights of recovery of the **Named Insured and/or Insured**, including without limitation its rights of recovery under other insurance or against any entity for indemnification. The **Named Insured and/or Insured** shall execute all papers and shall do everything that may be necessary to secure such rights, including the execution of such documents as may be reasonably necessary to enable the **Risk Retention Group** effectively to pursue and enforce such rights and to bring suit in its name.

(G) Any request to change this **Policy** must be in writing. No change will be effective unless in writing signed by the **Risk Retention Group** subject to the Modification/Amendment/Waiver Section XII of this **Policy**.

(H) The **Named Insured and/or Insured** covered by the **Policy** agrees not to bring a cause of action against the **Risk Retention Group** pertaining to the **Named Insured and/or Insured's** rights and obligations under this **Policy** unless the **Named Insured and/or Insured** has first complied with all of the **Policy's** conditions, requirements and other terms.

(I) With respect to any claim or **Covered Loss**, the **Risk Retention Group** shall have the right to select counsel to represent the **Named Insured and/or Insured** in any litigation brought by a third party. Where more than one person covered by this **Policy** has been sued, the

Named Insured and/or Insured and any **Insured** seeking coverage under this **Policy** agrees that all insureds may be represented by the same counsel with respect to such representation and shall waive any conflicts.

(J) As a condition of this insurance, all material matters in the application and any supplements or addendum must remain true, correct, and complete throughout the entire **Policy** period. Any changes must be reported to the **Risk Retention Group** in writing by certified mail, return receipt requested by sending said notice to the entities listed in Section VII.B (1) and (2) within fifteen (15) business days after such change. At any time during the **Term** of this **Policy** or thereafter, the **Risk Retention Group** shall have the right, upon written notice to the **Named Insured and/or Insured** to audit books, records, and activities to at a reasonable time, place, and location to determine whether the **Named Insured and/or Insured** has complied within this condition.

VI. ADDITIONAL EXCLUSIONS

In addition to the exclusions referred to in other sections and endorsements of this **Policy,** the **Risk Retention Group** will not pay, is not liable for, and the **Policy** will not provide coverage for any claim related to or in any way involving:

(A) Any fraudulent claim or claim based upon a material misrepresentation by the **Named Insured and/or Insured** and any of the **Named Insured and/or Insured's** or **Insured's** agents, servants, or employees;

(B) Incidental or consequential damages against the **Risk Retention Group** for any delay regarding payment, adjustment and/or investigation of a claim;

(C) Attorney's fees incurred in pursing coverage under this **Policy;**

(D) Criminal penalties, administrative penalties, civil penalties, punitive damages, treble damages, exemplary damages or multipliers of attorney's fees;

(E) Any claim for bodily injury, property damage or personal injury caused by, resulting from, attributable or contributed to, or aggravated by the subsidence of land or soil, including, but not limited to, earthquake, landslide, mine subsidence, mud flow, or sinking, rising, settling, cracking, shifting, expansion or contraction of the earth or soil, or any other movement of earth. Any such subsidence of land or soil is excluded regardless of any other cause or event contributing or concurring, in any sequence causing loss;

(F) Any claim for bodily injury, property damage or personal injury arising from or related to any project involving or related to a school, playground, sports field or recreational facility;

(G) Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by, contributed to, or in any way related to: (i) the existence, inhalation, ingestion, or exposure to fungi, bacteria or spores; (ii) any costs or expenses associated in any way with the abatement, mitigation, treatment, remediation, detoxification, extermination, disposal of, or in any way related to the effects of fungi, bacteria or spores. For the purposes of this exclusion, "fungi" means any type of fungus, mold, mushroom, yeast, mildew or other biocontaminant, and any mycotoxins, spores, or any other biological by-products produced or released by fungi. This exclusion applies regardless of whether any other cause, event or material, or product contributed to or resulted in such injury or damage;

(H) Any claim for bodily injury, property damage or personal injury to a person(s) arising out of or resulting from the **Named Insured** and/or **Insured's**: (i) refusal to employ that person; (ii) termination of that person's employment; (iii) employment related practices, including, but not limited to, policies, acts, omissions, demotion, evaluation, reassignment, discipline, defamation, libel, slander, harassment, humiliation, and/or discrimination; and/or (iv) any derivative claim asserted by a spouse, parent, sibling, child of the person claiming injury or damages related to any of the foregoing practices listed in this exclusion;

(I) Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by, contributed to, or in any way related to the performance of or failure to perform of professional services of an architect, engineer, surveyor or other similar professional whether employed, hired or contracted to perform work by the **Named Insured and/or Insured** or performed by the **Named Insured and/or Insured** itself or its agents;

(J) Any claim for property damage that arises from, occurs as a result of, or is caused during a time when an "open roof" exists. An "open roof" means any section of roof where, in whole or in part, there is no "protective covering" to a building or other structure, whether by failure to install, through removal or otherwise, that exposes the interior or any substantial part of the interior to the elements or existing weather conditions. For the purposes of this exclusion, a "protective covering" of a building or structure includes, but is not limited to, shakes, shingles, tar paper, felt paper, tiles, decking, or other covering installed within customary roofing and construction practices. A "protective covering" would not include a temporary covering, including such temporary covering as a tarp;

(K) Any claim for property damage arising out of, resulting from, caused by, contributed to, or in any way related to job sites or projects the insured is working on where an insured uses any fire or heating devices as part of "your work" or "your products" as those terms are defined in the Policy. The terms "fire or heating devices" includes but is not limited to a heat wand, welding equipment, open flame devices, torches, heaters, or any type of heat application whether applied to a roof, exterior or interior portion of a project, site, house or building. This exclusion is not limited to "property damage" resulting from fire or heat, but also excludes any and all "property damage" arising out of or resulting from a job site or project where an insured uses such devices, whether the damage is fire or heat damage related or not;

(L) Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by contributed to, or in any way related to the design, manufacture, construction, fabrication, preparation, distribution and sale, installation, application, maintenance or repair, including remodeling, service, correction or replacement of an "exterior insulation and finish system" ("EIFS"), EIFS products, insulation board, expanded polystyrene, synthetic stucco, smooth deco finish or similar product, including the application or use of conditioners, primers, accessories, flashings, coatings, caulking or sealants in connection with such a system.

"Exterior insulation and finish system" means a non-load bearing exterior cladding or finish system, and all component parts therein, used on any part of any structure, and consisting of: (1) A rigid or semi-rigid insulation board made of expanded polystyrene and other materials; (2) The adhesive and/or mechanical fasteners used to attach the insulation board to the substrate; (3) A reinforced or un-reinforced base coat; (4) A finish coat providing surface texture to which color may be added; and (5) Any flashing, caulking or sealant used with the system for any purpose;

(N) Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by, contributed to, or in any way related to the existence, ingestion, or inhalation of or exposure to Chromated Copper Arsenate ("CCA"), whether or not the CCA is in its pure form or combined with other products, chemicals or materials, whether or not the CCA is alleged to have caused damage in any sequence or combination with, or contributed to by any other causes or causes;

(O) Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by, contributed to, or in any way related to work, development, construction, renovation or reconstruction on any condominium(s), townhouse(s), or multi family home(s) or homeowners association project(s); or if "insured" has/is doing any work, development, construction, renovation, or reconstruction for more than 10% of individual units within any one development for interior work only; exterior work is excluded. This exclusion does not apply to any detached single family home(s) or commercial apartments;

(P) Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by, contributed to, or in any way related to the existence, handling, storage, transportation, sales, distribution, or use of explosives or explosive devices;

(Q) Any claim arising in whole or in part:

1) Based upon the acts or omissions of independent contractors or subcontractors whether or not hired by the "insured"; or
2) From claims that have been submitted through, whether denied or not, independent contractor's or subcontractor's Insurance Policies;

(R) Any claim arising from an insured's project where the **Named Insured and/or Insured** has not reported a change as required by Section VII (J), unless all acts which give rise and/or relate to the claim or **"Covered Loss"** occurred prior to the date of the change;

(S) Any claim for which coverage is excluded, limited, or modified by any other provision or endorsement of this **Policy;**

(T) Any claim for bodily injury, property damage, or personal injury arising out of or resulting from, in whole or in part, the disposal, existence, presence, handling, ingestion, inhalation, installation, sale encapsulation, storage, transportation, use or removal of lead, lead pipes, lead based paint or any material containing lead. This exclusion applies:

1) Equally to any bodily injury, property damage, or personal injury arising out of exposure to lead or any substance with a lead derivative or any substance with a similar formulation, structure or function, regardless of the name by which it is manufactured, sold or distributed;

2) Regardless of whether any alleged defects or claimed negligence in design, construction or materials, or any other conduct or misconduct, may have or is claimed to have precipitated, caused in whole or in part, or acted jointly, concurrently, or in any sequence with lead in whatever form in causing or contributing to bodily injury, property damage, or personal injury;

3) To any loss, cost or expense arising out of any:

i. Request, demand, order or requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of lead or any derivatives or similar substances; or

ii. Claim or suit for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of lead or any derivatives or similar substances;

(U) Any claim for bodily injury, property damage, or personal injury arising out of or resulting from, in whole or in part, the disposal, existence, presence, handling, ingestion, inhalation, installation, sale encapsulation, storage, transportation, use or removal of formaldehyde or urea formaldehyde or any material containing formaldehyde or urea formaldehyde or derivative or similar substance. This exclusion applies:

1) Equally to any "bodily injury" or "property damage" arising out of exposure to formaldehyde or urea formaldehyde or any substance with a formaldehyde or urea formaldehyde derivative or substance with a similar formulation, structure or function, regardless of the name by which is manufactured, sold or distributed;

2) To any loss, cost or expense arising out of any:

   i. Request, demand, order or requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of formaldehyde or urea formaldehyde or any derivatives or similar substances; or

   ii. Claim or suit for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of formaldehyde or urea formaldehyde or any derivatives or similar substances;

(V) Any claim for bodily injury, property damage, or personal injury arising out of the rendering of or failure to render any financial services by or on behalf of any insured;

(W) To any claim or suit by any "insured" against any other "insured", except this exclusion does not apply to suits by an "insured as defined in paragraph 2 of Section II – WHO IS AN INSURED against "you";

(X) Any claim for bodily injury, property damage, or personal injury arising out of or resulting from, in whole or in part, the disposal, existence, presence, handling, ingestion, inhalation, installation, sale, encapsulation, storage, transportation, use or removal of silica or any material containing silica. This exclusion applies:

1) Equally to any bodily injury, property damage, or personal injury arising out of exposure to CCA or any substance with a derivative of silica or any substance with a similar formulation, structure or function, regardless of the name by which it is manufacture, sold or distributed;
2) To any loss, cost or expense arising out of any:
   i. Request, demand, order or requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of silica or any derivatives or similar substances; or
   ii. Claim or suite for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of silica or any derivatives or similar substances;

(Y) Any claim for bodily injury, property damage, or personal injury arising out of the negligent or tortuous interference with contract or prospective economic advantage;

(Z) Any claim for bodily injury, property damage, or personal injury arising out of any violation of any penal statue or ordinance committed by any "insured" or done at any "insured's" direction;

(AA) Any claim for bodily injury, property damage, or personal or advertising injury arising directly or indirectly out of any unsolicited advertising or communication, including by not limited to, telephone, telefax, or e-mail, or any action or omission that violates or is alleged to violate:

1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;

2) The CAN-SPAM Act of 2003, including any amendment of or additional to such law; or that prohibits or limits the sending, transmitting, communicating or distribution of material or information;

(BB) Any claim for bodily injury, property damage, or personal or advertising injury arising from or resulting from "your work" or "your product":

1) From any class code not listed in the application of this policy, if your work comprises more than 10% of your work over the term of this policy for such class code;

2) From any class code that comprises more than 10% of your work over the term of this policy and not reported to the company.

VII. CANCELLATION/TERMINATION

This **Policy** shall terminate at the earlier of the expiration of the **Term** or from exhaustion of coverage under the **Policy** through the **Aggregate Limit.**

VIII. TRANSFER/ASSIGNMENT

This **Policy,** including the rights and obligations hereunder, may not be transferred or assigned unless consented to in writing by the **Risk Retention Group.**

IX. PREMIUM

The amount of the **Premium** is stated in the Declarations of this **Policy.** Notwithstanding any other provision in the **Policy,** the **Premium** is fully earned upon the **Expiration Date** and is not refundable.

X. MODIFICATION/AMENDMENT/WAIVER

This **Policy** and its individual provisions may only be modified, amended, or waived by endorsement issued by the **Risk Retention Group** and made part of this **Policy.**

XI. OTHER INSURANCE

If there is other insurance covering the same **Covered Loss**, the **Risk Retention Group** will only cover the amount of the **Covered Loss** in excess of the amount due from that other insurance, whether the **Named Insured and/or Insured** can collect on it or not. The **Risk Retention Group** will not pay more than the **Aggregate Limit** under any circumstance. This **Policy** shall be deemed to be an excess **Policy**.

FORM 20 10.15.06

XII. GOVERNING LAW/POLICY LITIGATION

This **Policy** shall be governed and construed in accordance with the laws of the State of Montana. Any litigation arising from or regarding this **Policy**, including all matters relating to claim, construction and/or enforcement, must be brought in the State of Montana. All Members agree to be subject to the personal jurisdiction of those courts for any matter related to this **Policy.**

XIII. INTEGRATION

Other than the documents expressly described herein, this **Policy** represents the entire integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either oral or written.

Preferred Contractors Insurance Company
Risk retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

DELETION OF CERTAIN COVERAGES
IN ISO COMMERCIAL GENERAL LIABILITY FORM
CG 00 01 12 04

The following coverage is hereby deleted from the ISO Commercial General Liability Coverage Form No. 00 01 12 04 and from this **Policy**:

Section I-Coverages – Supplementary Payments – Coverages A and B – paragraph 2. That reads as follows is hereby deleted in its entirety:

"So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our re quest will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I-Coverage A – Bodily Inury and Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance."

The above quoted provision is replaced by the following:

"So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request wil be paid as damages for "bodily injury" and "property damage" and will reduce the limits of insurance."

Preferred Contractors Insurance Company, RRG

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

FORM 20 01 30 06

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY RISK RETENTION GROUP, LLC COMMERCIAL GENERAL LIABILITY POLICY

ADDITIONAL EXCLUSION OF CERTAIN COVERAGES AND/OR DAMAGES

(A) **Asbestos**—The coverages afforded by this **Policy** do not apply to any claim for bodily injury, personal injury or property damage arising out of:

(1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos; or

(2) The use of asbestos in constructing or manufacturing any good, product, or structure, or

(3) The removal of asbestos from any good, product, or structure; or

(4) The manufacturer, transportation, storage or disposal of asbestos or good or products containing asbestos.

This policy shall not apply to any liability imposed upon the insured arising out of asbestosis.

(B) **Concrete Exclusion**—The coverages afforded by this **Policy** do not apply to any claim for "bodily injury", "property damage", or "personal injury" arising from or related to any contact with or exposure to concrete dust, concrete compounds, sulfates, sulfides, acids or any similar acidic and/or alkaline chemical formulation or compound.

(C) **Electromagnetic Radiation Exclusion**—Any claim for bodily injury, property damage or personal injury caused by, resulting from, attributable or contributed to, or aggravated by any form of electromagnetic radiation or electromagnetic pulse or electromagnetic waves, or any other type of radiation from any source.

(D) **Nuclear Energy Exclusion**—The coverages afforded by this **Policy** do not apply to "bodily injury", "property damage", or "personal injury" arising out of or related to nuclear reaction, radiation, or radioactive contamination, however caused.

(E) **Communicable Disease or Diseases Exclusion**—The coverages afforded by this **Policy** do not apply to any claim for bodily injury, property damage, or personal injury arising out of the transmission of or alleged transmission of any communicable disease.

(F) **Criminal, Intentional or Fraudulent Act or Omission Exclusion**—The coverages afforded by this **Policy** do not apply to bodily injury, personal injury or property damage:

(1) Caused intentionally by or at the direction of an insured, including willful acts the results of which the insured knows or ought to know will follow from the insured's conduct.

(2) Caused by or resulting from an act or omission which is criminal in nature and committed by an **"Insured"**. This exclusion applies regardless of whether the insured is actually charged with, or convicted of a crime.

(G) **Abuse, Molestation or Negligence Exclusion**—The coverages afforded by this **Policy** do not apply to "bodily injury", "property damage" or "personal injury" arising out of:

(1) The actual or threatened abuse or molestation by anyone or any person while in the care, custody or control of any insured, or

(2) The negligent:

(a) Employment;

(b) Investigation;

(c) Supervision;

(d) Reporting to the proper authorities, or failure to so report; or

(e) Retention of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph 1 above.

(H) **Assault and Battery Exclusion**—The coverages afforded by this **Policy** do not apply to "bodily injury", "property damage", or "personal injury" arising from:

(1) Assault and battery committed by any insured, any employee of any insured, or any other person, whether or not committed by or at the direction of the insured.

(2) The failure to suppress or prevent assault and battery by a person in (1) above;

(3) The failure to provide an environment safe from assault and battery or failure to warn of the dangers of the environment which could contribute to assault and battery;

(4) The negligent hiring, supervision or training of any employee of the insured in (1) above.

(5) The use of any force to protect persons or property whether or not the "bodily injury", "property damage", or "personal injury" was intended from the standpoint of the insured or committed by or at the direction of the insured.

(I) **Volcanic Eruption**--The coverages provided by this **Policy**, do not apply to bodily injury, personal injury or property damage arising out of or related to volcanic action, eruption, explosion or effusion. Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

a. Airborne volcanic blast or airborne shock waves;

b. Ash, dust or particle matter; or

c. Lava flow.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the describe property.

(J) **Prior Litigation Informal Resolution and Calderon Proceeding Exclusion**—It is understood and agreed that the **Risk Retention Group** shall not be responsible for making any payment for loss in connection with any claim made against any **Member or "Insured"** based upon, arising out of, or in consequence of or in any way involving:

(1) Any prior and/or pending litigation as of Inception Date including but not limited to matters before local, state, or federal boards, commissions, or administrative agencies, or

(2) Any fact, or circumstance, or situation underlying or alleged in such litigation or matter.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio
Authorized Representative

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

PRIOR COMPLETED OR ABANDONED WORK EXCLUSION

This **Policy** does not apply to "bodily injury", "property damage", or "personal injury" arising out of "your work" where "your work" was:

1. Completed prior to the **Inception Date**; or

2. Abandoned by the Member and/or insured prior to the **Inception Date**.

For the purposes of this exclusion, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract, invoice or proposal has been completed.
(b) When all of the work to be done at the site has been completed if your contract calls for work at more than one job site.
(c) When that part of "your work" done at a job site has been put to its intended use by any person or organization including another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

FORM 20 02 10 06

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY**

**CONDITIONAL EXCLUSION OF TERRORISM
(RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK
INSURANCE ACT OF 2002)**

(A) Applicability of the Provisions of This Endorsement

(1) The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs:

(a) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002, has terminated with respect to the type of insurance provided under this Coverage Part or **Policy**; or

(b) A renewal, extension or continuation of the program has become effective without a requirement to make terrorism coverage available to you and with that revision that:

(1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism.); or

(2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this **Policy.** The Program is scheduled to terminate at the end of December 31, 2005 unless renewed, extended or otherwise continued by the federal government.

(2) If the provisions of this endorsement become applicable, such provisions:

(a) Supersede any terrorism endorsement already endorsed to this **Policy** that addresses: "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or the date when the provisions of this endorsement become applicable (for claims made policies, such as endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and

(b) Remain applicable unless we notify you of changes in these provisions, in response to federal law.

(3) If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this **Policy,** that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in

effect unless we notify you of changes to that endorsement in response to federal law.

(B) The following definitions are added apply under this endorsement wherever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

(1) "Terrorism" means activities against persons, organizations or property of any nature:

(a) That involve the following or preparation for the following:

1. Use or threat of force or violence; or
2. Commission or threat of a dangerous act; or
3. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

(b) When one or both of the following applies:

1. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
2. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

(2) "Any injury or damage" means any injury or damage covered under any Coverage Part or **Policy** to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal

and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or **Policy.**

(C) The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":

(1) The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

(2) Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or

(3) The "terrorism" is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or

(4) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or

(5) The total of insured damage to all types of property exceeds $25,000,000. In determining whether the $25,000,000 threshold is

exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners and occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

(6) Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

a. Physical injury that involves a substantial risk of death; or

b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs C.5 or C.6 are exceeded.

With respect to this Exclusion, Paragraphs C.5 and C.6 describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part or **Policy**.

PCIC
Preferred Contractors Insurance Company, RRG

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this Coverage Part or **Policy.**

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio
Authorized Representative

FORM 20 02 15 06

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

WRAP UP EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

There is no coverage provided by this policy for any claims or incidents arising out of or attributed to any work done by or for the "insured" that is performed under a Contractor Controlled Insurance Program (CCIP) or Owner Controlled Insurance Program (OCIP) 'wrap up' or other similar insurance program.

"Wrap up" means any agreement under which some or all of the contractors working on specific project are insured under one or more policies issued specifically for 'bodily injury', 'property damage', 'personal injury' and 'advertising injury' arising out of the project.

We have no duty to defend any insured against any loss, claim or "suit" or other proceeding alleging damages arising out of or related to "bodily injury", "property damage", "personal injury" or "advertising injury" to which this exclusion applies.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:
Phillip Salvagio
Authorized Representative

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

POOL POP UP LIMITS

As of the date and time listed below, in consideration of additional premium the Member and the **Risk Retention Group** agree that the following Conditions are to be added to the **Policy.**

It is a condition of this endorsement that any claim reported under this policy has a maximum occurrence limit of $50,000 for pool pop ups.

Additional condition:

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900

By:

Phillip Salvagio
Authorized Representative

FORM 20 04 14 06

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY RISK RETENTION GROUP, LLC COMMERCIAL GENERAL LIABILITY POLICY

POOL OVERFLOW LIMITS

As of the date and time listed below, in consideration of additional premium the Member and the **Risk Retention Group** agree that the following Conditions are to be added to the **Policy.**

It is a condition of this endorsement that any claim reported under this policy has a maximum occurrence limit of $10,000 for pool overflows.

Additional condition:

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900

By:

Phillip Salvagio

Authorized Representative

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

PER CLAIM DEDUCTIBLE

It is agreed that 5,000 shall be deducted from each and every **claim** under this policy, irrespective of the number of **claims** which may be joined in any one **suit**, arbitration, mediation, or any other form of legal proceeding. Such coverage as is afforded under this policy applies subject to the following conditions:

1. The deductible(s) shall apply to the **named insured** for all costs incurred by **us** on behalf of any **insured** for adjusting, legal and related expenses as well as any payments made by **us** toward the settlement of each and every **claim** as to which we extend coverage thereto in whole or in part.

2. All of the other terms and provisions of this policy, including those with respect to an **insured's** obligations upon an **occurrence** or **claim** and **our** right to investigate, defend, negotiate and/or settle any **claim** or **suit**, apply irrespective of the application of the deductible(s).

3. The **named insured** shall contribute the amount of the deductible(s) within ten (10) days from the date of request by **us** or **our** representative. The request for payment of the deductible(s) herein set forth shall be sent to the **named insured** by ordinary mail address to the first **named** insured at the address listed in the policy. The ten (10) days shall begin to apply from the postmark of the letter bearing such request. Failure of the **named insured** to pay the amount of the deductible(s) within ten (10) days as herein set forth shall void the policy and/or act as a forfeiture of any applicable coverage that might otherwise exist with respect to the **claim(s)** involved.

4. **We** shall have the right to make partial deductible recoveries from the **named insured** when partial settlements and/or expense below the full amount of the deductible(s) are incurred by **us**.

5. The deductible applies equally to all damages sustained by any one person or organization as a result of any one **claim.**

6. Failure or delay by **us** in seeking reimbursement of the deductible(s) shall not be considered a waiver by us. **We** may deduct from any payment on judgment or settlement the amount of any deductible(s) not reimbursed as of the date such payment is due.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio
Authorized Representative

FORM 20 03 11 06

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 18

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

NEW YORK AMENDATORY ENDORSEMENT:

POLICY CONDITIONS WHERE LIABILITY ARISES OUT OF WORK PERFORMED FOR THE NAMED INSURED BY OTHER CONTRACTORS OR SUBCONTRACTORS

This endorsement modifies the coverage provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

When the Named Insured employs, retains or hires a contractor or subcontractor in connection with work to be performed on behalf of the Named Insured, the following Conditions apply:

1. "You"[1] will obtain Certificates of Insurance for Commercial General Liability coverage, with limits at least equal to or greater than the limits set forth in the Declarations and/or Section **III** of this policy ("Limits of Insurance"), from all contractors or subcontractors "you" employ, retain or hire, prior to the commencement of any work performed on "your" behalf. "You" will maintain such Certificates of Insurance for a period of at least four years following the expiration date of this policy.

2. "You", and any other person or entity insured under this policy, will be named as additional insured(s) on all policies identified by such Certificates of Insurance. "You" acknowledge and agree that it is "your" responsibility to arrange for such coverage.

3. "You" will obtain written agreements from all contractors or subcontractors you employ, retain or hire, pursuant to which said contractors will be required to defend and indemnify "you" and any other person or entity insured under this policy, from and against any claim or "suit"[2] for "bodily injury", "property damage", and "personal and advertising injury" arising out of work performed by or on behalf of "you" or any other person or entity insured under this policy.

---

[1] The words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy.

[2] Words and phrases that appear in quotation marks have special meaning. Refer to Section V ("Definitions").

Preferred Contractors Insurance Company, RRG

If "you" breach, or otherwise fail to satisfy any one of the Conditions set forth above, the coverage under this policy shall be subject to a Deductible Limit[3] of $1,000,000 per "occurrence" or offense for any claim or "suit" seeking damages for "bodily injury", "property damage", and "personal and advertising injury" arising out of work performed by any contractor or subcontractor "you" employ, retain or hire.

Except as set forth herein, all other terms, conditions and exclusions of this policy apply to this endorsement.

ACKNOWLEDGEMENT

The undersigned understands and accepts the foregoing terms.

Signed: ______________________________ Dated: ________________________

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

FORM 20 08 20 06_NY

[3] For purposes of this Endorsement, any obligation under this policy to pay damages on "your" behalf applies only to the amount of damages which exceeds the Deductible Limit.

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 22

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

TOTAL POLLUTION EXCLUSION ENDORSEMENT

As of the date listed below, the coverage for "property damage" or "bodily injury" is not applicable for a claim or suit by or on behalf of a governmental authority for damages caused by testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900

By:

Phillip Salvagio
Authorized Representative

FORM 20 08 03 06

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 23

THIS ENDORSEMENT CHANGES THE POLICY AND COVERAGE LIMITS. PLEASE READ IT CAREFULLY. BY SIGNING BELOW, YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTOOD THE TERMS SET FORTH HEREIN

**PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY**

ACTION OVER

Notwithstanding the limit of coverage shown in the Declarations and/or Section III of this policy ("Limits of Insurance"), $10,000 only is the most *we*[4] will pay as damages for any and all claims, including any claim for contractual indemnification, arising from or related to any "bodily injury", "property damage" or "personal injury" sustained by an employee of an insured while injured, harmed or damaged in the scope of such employment.

In any action brought by such employee, if *you*[5] are impleaded into said action, or if any third party action over is commenced against *you*, irrespective of the claims or theories set forth therein, the $10,000 limit of coverage as provided in this endorsement shall apply when:

1. The injury sustained by the employee is a "grave" injury" as defined by Section 11 of the New York State Workers' Compensation Law, as follows:
   - Death
   - Permanent and total loss of use or amputation of an arm, leg, hand or foot,
   - Loss of multiple fingers,
   - Loss of multiple toes,
   - Paraplegia or quadriplegia,
   - Total and permanent blindness,
   - Total and permanent deafness,

---

[4] The words "we" and "our" refer to the company providing this insurance.

[5] The words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy.

- Loss of nose,
- Loss of ear,
- Permanent and severe facial disfigurement,
- Loss of an index finger, or
- An acquired injury to the brain caused by an external physical force resulting in total permanent disability; **and**

2. *You* are required by contract, regulation or law to be insured under a workers' compensation policy providing liability coverage for claims arising from injuries to employees.

Except as set forth above, all of the terms, conditions and exclusions of this policy apply.

ACKNOWLEDGMENT:

The undersigned understands and accepts the foregoing terms:

Signed: ______________________________ Dated: ____________________

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio
Authorized Representative

FORM 20 08 06 06 NY

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 24

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

KNOWN LOSSES EXCLUSION

This **Policy** does not apply to a claim for "bodily injury", "property damage", or "personal or advertising injury" arising out of an incident, claim, suit, or loss known to the insured when such incident, claim, suit or loss occurred:

1. Prior to this policy period:
   a. Whether or not the incident, claim, suit, or loss was disclosed by you during the application process for this **Policy**; or
   b. Whether any claim or suit regarding such an incident or loss was opened, filed, closed or dismissed at the **Inception Date** of this **Policy**.

2. During or after this policy Term if the insured has not complied with all conditions set forth in the policy, including those requiring that the insured promptly notify us of any such incident, claim, suit or loss known to the insured.

Additional condition:

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m..**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 26

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

WHEN WE DO NOT RENEW

As of the date and time listed below, the following are hereby modified from the ISO Commercial General Liability Form No. 00 01 12 04:

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 9: When We Do Not Renew, "If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the non-renewal not less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice" is hereby deleted and replaced with "If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the non-renewal not less than 45 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice."

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billing, Montana 59103

By:

Phillip Salvagio
Authorized Representative

FORM 20 10 05 06

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 27

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

AFB PREMIUM SHORT RATE CANCELLATION TABLE

Notwithstanding anything to the contrary contained herein and in consideration of the premium for which this Insurance is written it is agreed that in the event of cancellation thereof by the Assured the Earned PREMIUM shall be computed as follows:

PREMIUM SHORT RATE CANCELLATION TABLE

Days Insurance in Force		Percent of One Year Premium	Days Insurance in Force		Percent of One Year Premium
1 – 73		30	206 – 209		66
74 - 76		31	210 – 214	(7 months)	67
77 – 80		32	215 – 218		68
81 – 83		33	219 – 223		69
84 – 87		34	224 – 228		70
88 – 91	(3 months)	35	229 – 232		71
92 – 94		36	233 – 237		72
95 – 98		37	238 – 241		73
99 – 102		38	242 – 246	(8 months)	74
103 – 105		39	247 – 250		75
106 – 109		40	251 – 255		76
110 – 113		41	256 – 260		77
114 – 116		42	261 – 264		78
117 – 120		43	265 – 269		79
121 – 124	(4 months)	44	270 – 273	(9 months)	80
125 – 127		45	274 – 278		81
128 – 131		46	279 – 282		82
132 – 135		47	283 – 287		83
136 – 138		48	288 – 291		84
139 – 142		49	292 – 296		85
143 – 146		50	297 – 301		86
147 – 149		51	302 – 305	(10 months)	87
150 - 153	(5 months)	52	306 – 310		88
154 – 156		53	311 – 314		89
157 – 160		54	315 – 319		90
161 – 164		55	320 – 323		91
165 – 167		56	324 – 328		92
168 – 171		57	329 – 332		93
172 – 175		58	333 – 337	(11 months)	94
176 – 178		59	338 – 342		95
179 – 182	(6 months)	60	343 – 346		96
183 – 187		61	347 – 351		97
188 – 191		62	352 – 355		98
192 – 196		63	356 – 360		99
197 – 200		64	361 – 365	(12 months)	100
201 – 205		65			

Preferred Contractors Insurance Company, RRG

The additional exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billing, Montana 59103

By:

Phillip Salvagio

Authorized Representative

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 33

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

NUCLEAR ENERGY LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. The insurance does not apply:
   - A. Under any Liability Coverage, to "bodily injury" or "property damage":
     - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by a Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
     - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
   - B. Under any Medical Payment coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization
   - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
     - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in spent fuel: or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material: means "source material", "Special nuclear material" or "by-product material". "Source material", "special nuclear material", and "by-product material

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 35

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

PROJECT SHARED AGGREGATE

Effective at the date and time set forth herein a maximum aggregate limit will apply to each and every "Project" insured under the Policy. "Project" as used by this endorsement shall mean any construction site at which one or more "Members" of the Risk Retention Group are providing services. This limit will be effective when any claim arising from a "Project" is filed by one or more "Member" of the Risk Retention Group subject to the following conditions:

1. The Project Aggregate Limit is determined by whichever "Member" is insured for the highest aggregate limit;
2. Each claim against an individual "Named Insured" cannot exceed the Occurrence Limit of a "Named Insured";
3. Each claim for a single "Project" will reduce the Project Aggregate Limit by the amount of any claim payment;
4. Coverage for the "Project" will not be afforded when the Project Aggregate Limit is exceeded; and
5. Covered losses will be covered according to the date the Risk Retention Group is first notified of the claim in accordance with, Additional Conditions, Section VII, B.

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billing, Montana 59103

By:

Phillip Salvagio

Authorized Representative

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 41

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY

FIRE LOSS – OIL BASED PAINTS

As of the effective date of the policy for the company below the Member and the Risk Retention Group agree that the following exclusion is to be deleted from the policy with the condition stated below:

> **$25,000 max sub limit on any fire where liability is determined or established due to:** the use of, storage of or disposal of oil base paints, lacquers, liquids or related items that may lead to, promote or contribute to combustion.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billing, Montana 59103

By:

Phillip Salvagio

Authorized Representative

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 48

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

GRANITE COUNTERTOP RADON EMISSIONS EXCLUSION

As of the date and time listed below, the following is excluded from the **Policy:**

Any claim reported under this policy arising out of Granite Countertop Radon Emissions.

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

FORM 428 09 08

PCIC

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 50

PREFERRED CONTRACTORS INSURANCE COMPANY RISK RETENTION GROUP, LLC
GENERAL LIABILITY POLICY

EXCLUSION – DESIGNATED ONGOING OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description of Designated Ongoing Operation(s):

Any and all locations and operations.

The following exclusion is added to paragraph **2.**, Exclusions of COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I – Coverages): This insurance does not apply to "bodily injury" or "property damage" arising out of the ongoing operations described in the Schedule of this endorsement, regardless of whether such operations are conducted by you or on your behalf or whether the operations are conducted by yourself or for others.	Unless a "location" is specified in the Schedule, this exclusion applies regardless of where such operations are conducted by you or on your behalf. If a specific "location" is designated in the Schedule of this endorsement, this exclusion applies only to the described ongoing operations conducted at that "location". For the purpose of this endorsement, "location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

PCIC

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 51

PREFERRED CONTRACTORS INSURANCE COMPANY RISK RETENTION GROUP, LLC

COMMERCIAL GENERAL LIABILITY POLICY

ENDORSEMENT – UNLICENSED CONTRACTORS

It is a condition of this policy that any insured who is an unlicensed contractor must comply with their State Licensing Board Regulations; any projects that do not meet state specified regulations will be afforded no coverage under the policy.

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

PCIC 82 12 08

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 61

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

CHINESE-MANUFACTURED DRYWALL EXCLUSION

As of the date and time listed below, the following is excluded from the **Policy:**

Any claim reported under this policy arising out of Chinese-manufactured drywall.

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 62

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

ARBITRATION AGREEMENT

This Agreement is contractual between Insured and all Third Party Beneficiaries, as defined herein (hereinafter "Insured") and Preferred Contractors Insurance PCIC Risk Retention Group, LLC and all related entities (hereinafter "PCIC") wherein the parties agree to be bound by the covenants and promises contained herein.

WHEREAS, Insured has purchased a policy of insurance from PCIC. Depending upon the terms of that policy, coverage may or may not extend to Insured and Third Party Beneficiaries, including agents, assigns, subsidiaries, parent companies, indemnities, members, partners, shareholders, officers, directors, family, heirs, and representatives. By purchasing such policy of insurance, Insured is also a Member of PCIC, and Insured has agreed to certain benefits as such Member. In exchange for the benefits Insured has received as such Member, and in exchange for the benefits of insurance procured through PCIC, Insured is agreeable to arbitrating all matters related to the policy of insurance, all business dealings between PCIC and Insured, as well as all agents of PCIC, and any and all matters that may directly or indirectly arise out of the dealings between Insured and PCIC and the policy of insurance. Insured understands and expressly agrees that, by agreeing to arbitrate any disputes between the parties, whether directly or indirectly arising out of the policy of insurance, Insured is waiving any rights it may have to litigate such matters in a judicial forum. Insured agrees to do so in exchange for the benefits it has received under the insurance policy and as a Member of PCIC, both on its own behalf and on behalf of any Third Party Beneficiaries.

In exchange for PCIC accepting and considering the insurance policy, or if applicable, as part of the consideration for PCIC insuring the Insured, or if applicable, soliciting or securing a policy of insurance, Insured and PCIC agree that upon the demand of either or upon the demand of any Third Party Beneficiary, all disputes, claims, damages, injuries, losses, and causes of action (hereinafter collectively known as "Claims") that Insured, as well as Insured's agents, assigns, subsidiaries, parent companies, indemnities, members, partners, shareholders, officers, directors, family, heirs, and representatives may have or to which any of the foregoing may be entitled against PCIC, agents, assigns, subsidiaries, parent companies, indemnities, members, partners, shareholders, officers, directors, family, heirs, and representatives of PCIC, any Owner of property upon which Insured has sought or received insurance from PCIC, any Owner or supplier of equipment, materials or labor, any other entity providing services or materials at a jobsite where Insured has sought or received insurance from PCIC, or any other person seeking to recover under the policy of insurance, including the insurers of any of the above, or any of their agents, assigns, subsidiaries, parent companies, indemnities, members, partners, shareholders, officers, directors, family, heirs, and representatives (each of which, other than PCIC, previously and hereinafter referred to as "Third Party Beneficiary") shall be submitted to binding arbitration according to the rules of the Commercial Arbitration Section of the American Arbitration Association. To also be included in matters subject to arbitration shall be any question or dispute concerning whether any Claims are subject to arbitration. **In conjunction herewith, where not contrary to public policy, common law, statute, rule or regulation, Insured and PCIC also waive all rights to recover from the other penalties of any kind, as well as exemplary and punitive damages; in all cases, recovery for any Claims shall be limited to actual, direct damages proven at arbitration.**

This Agreement shall be specifically enforceable and shall be interpreted under applicable federal statutes governing arbitration. In any arbitration proceeding initiated under this Agreement, either PCIC, Insured, or any Third Party

Beneficiary may submit for written decision by the arbitrator(s), one or more Motions for Summary Judgment supported by evidence in a form meeting the requirements of evidence submitted in support of a Motion for Summary Judgment filed in a District Court of the State of Montana. Either PCIC, Insured, or any Third Party Beneficiary may bring an action in any court of competent jurisdiction in the State of Montana to enforce or vacate an arbitration award. However, in actions seeking to vacate an award, the standard of review to be applied to the arbitrator(s)' findings of fact and conclusions of law will be the same as that applied by an appellate court in the State of Montana reviewing a decision of a Montana trial court sitting without a jury.

The terms of this Agreement shall apply to all situations directly or indirectly related to receipt or consideration of a policy for insurance from PCIC, including but not limited to: Claims of discrimination or harassment, labor disputes, Title VII claims, libel, slander, and disparagement, personal injury and death, property damage, Wrongful Death claims by related persons, infliction of emotional distress, breach of contract or quasi-contract, commission of torts, quasi-tortious conduct, and violation of a constitution, statute, rule, regulation, ordinance or common law of the United States of America, any foreign country or state, and/or any state of the United States of America.

If any word, sentence, paragraph or provision of this Agreement is determined to be void or invalid, then this Agreement shall be interpreted as if the void or invalid aspect hereof was not a part hereof and the remainder of this Agreement shall remain in full force and effect and shall be interpreted in a manner consistent with its overall intent.

It is specifically understood, agreed and stipulated that this Agreement is entered into for the benefit of Insured, PCIC, and for any Third Party Beneficiary who may be determined to be responsible or liable with respect to the insurance policy, including his heirs, successors or assigns, or in any way as a result of the submission of an application for insurance or the procurement of insurance.

In the interpretation of this Agreement, no presumption shall exist for or against any party based upon the authorship of this Agreement.

Insured ACKNOWLEDGES THAT BY HIS OR HER SIGNATURE HE OR SHE HAS, IN FACT, READ THIS Agreement OR HAD IT READ TO HIM OR HER, AND UNDERSTANDS EACH OF ITS TERMS, AND FURTHER THAT THE Insured/Insured SPECIFICALLY ACCEPTS THESE TERMS AND IS AUTHORIZED TO DO THE SAME.

The remaining Exclusions apply and remain in effect.

Policy No.: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street, Suite 1900
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

ADDITIONAL INSUREDS

As of the date of this Endorsement, the **Policy** is hereby amended to provide the person or organization shown in this Schedule with coverage as if the person or organization was a **Member,** but only; (1) with respect to liability arising out of your ongoing operations performed for the original **Member** listed on the Declarations of the **Policy**; and (2) only providing that the **Additional Insured** performs all obligations required under the **Policy.**

Additional Insured: ____________________

Policy Number: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio

Authorized Representative

FORM 20 05 17 06

http://www.PreferredContractorsInsuranceCo.com

ACORD®

INSURANCE BINDER

DATE (MM/DD/YYYY): 8/8/2010

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

AGENCY Northeast Coverages Inc 152 Mineola Blvd Mineola NY 11501 Mark Moore mark@northeastcoverages.com	COMPANY **Preferred Contractors Insurance Company, Inc** BINDER #
PHONE (A/C, No, Ext): 516-543-0304 FAX (A/C, No):	EFFECTIVE DATE: 8/8/2010 TIME: 12:01 [X] AM [ ] PM EXPIRATION DATE: 8/8/2011 TIME: [X] 12:01 AM [ ] NOON
CODE: SUB CODE:	X PC72679-MA-02
AGENCY CUSTOMER ID:	DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)
INSURED Hong Kong Style Construction In 133-31 41st Rd Flushing NY 11355	

COVERAGES

LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS [ ] BASIC [ ] BROAD [ ] SPEC				

TYPE OF INSURANCE	COVERAGE/FORMS	LIMITS	AMOUNT
GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR	**Subject to Deductible:** **Property Damage $** 5,000 **Bodily Injury $** 5,000 **Per Claim** RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE	$ 1,000,000
		DAMAGE TO RENTED PREMISES	$ 50,000
		MED EXP (Any one person)	$ 5,000
		PERSONAL & ADV INJURY	$ 1,000,000
		GENERAL AGGREGATE	$ 2,000,000
		PRODUCTS - COMP/OP AGG	$ 1,000,000
VEHICLE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS		COMBINED SINGLE LIMIT	$
		BODILY INJURY (Per person)	$
		BODILY INJURY (Per accident)	$
		PROPERTY DAMAGE	$
		MEDICAL PAYMENTS	$
		PERSONAL INJURY PROT	$
		UNINSURED MOTORIST	$
			$
VEHICLE PHYSICAL DAMAGE DED [ ] COLLISION: [ ] OTHER THAN COL:	[ ] ALL VEHICLES [ ] SCHEDULED VEHICLES	[ ] ACTUAL CASH VALUE [ ] STATED AMOUNT	$
GARAGE LIABILITY [ ] ANY AUTO		AUTO ONLY - EA ACCIDENT	$
		OTHER THAN AUTO ONLY:	
		EACH ACCIDENT	$
		AGGREGATE	$
EXCESS LIABILITY [ ] UMBRELLA FORM [ ] OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE	$
		AGGREGATE	$
		SELF-INSURED RETENTION	$
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		[ ] WC STATUTORY LIMITS	
		E.L. EACH ACCIDENT	$
		E.L. DISEASE - EA EMPLOYEE	$
		E.L. DISEASE - POLICY LIMIT	$
SPECIAL CONDITIONS / OTHER COVERAGES		FEES	$
		TAXES	$
		ESTIMATED TOTAL PREMIUM	$

NAME & ADDRESS

	[ ] MORTGAGEE [ ] ADDITIONAL INSURED [ ] LOSS PAYEE
	LOAN #
	AUTHORIZED REPRESENTATIVE Phillip Salvagio

© ACORD CORPORATION 1993-2007. All rights reserved.
The ACORD name and logo are registered marks of ACORD

CONDITIONS

This Company binds the kind(s) of insurance stipulated on the reverse side. The Insurance is subject to the terms, conditions and limitations of the policy(ies) in current use by the Company.

This binder may be cancelled by the Insured by surrender of this binder or by written notice to the Company stating when cancellation will be effective. This binder may be cancelled by the Company by notice to the Insured in accordance with the policy conditions. This binder is cancelled when replaced by a policy. If this binder is not replaced by a policy, the Company is entitled to charge a premium for the binder according to the Rules and Rates in use by the Company.

Applicable in California

When this form is used to provide insurance in the amount of one million dollars ($1,000,000) or more, the title of the form is changed from "Insurance Binder" to "Cover Note".

Applicable in Colorado

With respect to binders issued to renters of residential premises, home owners, condo unit owners and mobile home owners, the insurer has thirty (30) business days, commencing from the effective date of coverage, to evaluate the issuance of the insurance policy.

Applicable in Delaware

The mortgagee or Obligee of any mortgage or other instrument given for the purpose of creating a lien on real property shall accept as evidence of insurance a written binder issued by an authorized insurer or its agent if the binder includes or is accompanied by: the name and address of the borrower; the name and address of the lender as loss payee; a description of the insured real property; a provision that the binder may not be canceled within the term of the binder unless the lender and the insured borrower receive written notice of the cancellation at least ten (10) days prior to the cancellation; except in the case of a renewal of a policy subsequent to the closing of the loan, a paid receipt of the full amount of the applicable premium, and the amount of insurance coverage.

Chapter 21 Title 25 Paragraph 2119

Applicable in Florida

Except for Auto Insurance coverage, no notice of cancellation or nonrenewal of a binder is required unless the duration of the binder exceeds 60 days. For auto insurance, the insurer must give 5 days prior notice, unless the binder is replaced by a policy or another binder in the same company.

Applicable in Nevada

Any person who refuses to accept a binder which provides coverage of less than $1,000,000.00 when proof is required: (A) Shall be fined not more than $500.00, and (B) is liable to the party presenting the binder as proof of insurance for actual damages sustained therefrom.

Applicable in the Virgin Islands

This binder is effective for only ninety (90) days. Within thirty (30) days of receipt of this binder, you should request an insurance policy or certificate (if applicable) from your agent and/or insurance company.

PCIC
Preferred Contractors Insurance Company, RRG

BUYBACK ENDORSEMENT ACKNOWLEDGEMENT FORM

ENDORSEMENT TO POLICY NO. 14
DELETION OF NEW CONDO/TOWNHOME/HOA EXCLUSION

In receipt of the signed and dated endorsement form and in consideration of additional premium, the Member and the **Risk Retention Group** agree that the New Condo/Townhome/HOA Exclusions are to be deleted from the **Policy.**

As of the effective date of the policy for the company below, in consideration of additional premium the Member and the **Risk Retention Group** agree that the following Exclusions are to be deleted from the **Policy**, with the conditions set forth below:

Exclusion which states: "Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by, contributed to, or in any way related to work, development, construction, renovation or reconstruction on any condominium(s), townhouse(s), or multi family home(s) or homeowners association project(s); or if "insured" has/is doing any work, development, construction, renovation, or reconstruction for more than 10% of individual units within any one development. This exclusion does not apply to any detached single family home(s) or commercial apartments;"

It is a condition of this policy that remodeling/repair condominium/townhome/HOA work remains excluded.

It is a condition of this endorsement that any claim reported under this Policy has a maximum occurrence limit of $50,000 for any claim for property damage or products and completed operations arising out of, resulting from, caused by, contributed to, or in any way related to condo/townhome/HOA in connection with the Scheduled Project with a maximum aggregate limit of $50,000; if project is not scheduled there is no coverage:

Company (Member): Hong Kong Style Construction Inc
Policy Number: PC72679-MA-02
Effective Date: 8/8/2010
Time: 12:00AM
Scheduled Project: -

Preferred Contractors Insurance Company, RRG

BUYBACK ENDORSEMENT ACKNOWLEDGEMENT FORM

ENDORSEMENT TO POLICY NO. 15
DELETION OF CONDO/TOWNHOME/HOA – REMODELING EXCLUSION

In receipt of the signed and dated endorsement form and in consideration of additional premium, the Member and the **Risk Retention Group** agree that the Condo/Townhome/HOA - Remodeling Exclusions are to be deleted from the **Policy.**

As of the effective date of the policy for the company below, in consideration of additional premium the Member and the **Risk Retention Group** agree that the following Exclusions are to be deleted from the **Policy**, with the conditions set forth below:

Exclusion which states: "Any claim for bodily injury, property damage or personal injury arising out of, resulting from, caused by, contributed to, or in any way related to work, development, construction, renovation or reconstruction on any condominium(s), townhouse(s), or multi family home(s) or homeowners association project(s); or if "insured" has/is doing any work, development, construction, renovation, or reconstruction for more than 10% of individual units within any one development. This exclusion does not apply to any detached single family home(s) or commercial apartments;"

It is a condition of this policy that new condominium/townhome/HOA work remains excluded.

It is a condition of this endorsement that any claim reported under this Policy has a maximum occurrence limit of $50,000 for any claim for property damage or products and completed operations arising out of, resulting from, caused by, contributed to, or in any way related to condo/townhome/HOA in connection with the Scheduled Project with a maximum aggregate limit of $50,000; if project is not scheduled there is no coverage:

Company (Member): Hong Kong Style Construction Inc
Policy Number: PC72679-MA-02
Effective Date: 8/8/2010
Time: 12:00AM
Scheduled Project:

PCIC
Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

DELETION OF COURSE OF ROOFING OPERATIONS/OPEN ROOF EXCLUSION

As of the effective date of the policy for the company named below, and in consideration of additional premium, the Member and the **Risk Retention Group** agree that the Course of Roofing Operations/Open Roof Exclusions are to be deleted from the **Policy.**

It is a condition of this endorsement that any claim reported under this policy has a maximum occurrence limit of $50,000 for any claim for property damage, bodily injury, or products and completed operation for open roof related damages with a maximum aggregate limit of $50,000.

It is a further condition of this endorsement that as to any claim reported under this policy there is no coverage unless the insured has complied with all of the following requirements:

a. The insured checked and documented weather reports on the day work was being done to make sure that adverse weather was not predicted; and

b. The insured installed an appropriate water proof covering over any opening that is left unfinished prior to leaving the work site. For the purposes of this condition, an appropriate waterproof covering is a properly installed waterproof covering that is consistent with what is customarily used within the industry as a best practice to avoid weather related water damage.

PCIC
Preferred Contractors Insurance Company, RRG

Policy Number: PC72679-MA-02

Date: 8/8/2010

Time: **12:01 a.m.**

Preferred Contractors Insurance Company
Risk Retention Group, LLC
27 North 27th Street
Billings, Montana 59103

By:

Phillip Salvagio
Authorized Representative

http://www.PreferredContractorsInsuranceCo.com

Preferred Contractors Insurance Company, RRG

ENDORSEMENT TO POLICY NO. 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREFERRED CONTRACTORS INSURANCE COMPANY
RISK RETENTION GROUP, LLC
COMMERCIAL GENERAL LIABILITY POLICY

BLANKET ADDITIONAL INSURED

As of the date of this Endorsement, the **Policy** is hereby amended to provide the person or organization shown in this Schedule with coverage as if the person or organization was a **Member,** but only; (1) with respect to liability arising out of your ongoing operations performed for the original **Member** listed on the Declarations of the **Policy**; (2) only for the **Scheduled Project** listed below; and (3) only providing that the **Additional Insured** performs all obligations required under the **Policy.**

Company (Member): Hong Kong Style Construction Inc

Policy Number: PC72679-MA-02

Effective Date: 8/8/2010

Time: 12:00AM